

Message Text

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PAGE 01 LUXEMB 00516 110542Z

ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 SP-02 USIA-15 AID-05 EB-07
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04
OPIC-06 LAB-04 SIL-01 L-03 H-02 PRS-01 PA-02
/115 W

-----001749 110605Z /10

R 051700Z JUL 77

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 5815

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

UNCLAS LUXEMBOURG 0516

E.O. 11652: NA

TAGS: EFIN, LU

SUBJ: LUXEMBOURG TIGHTENS HOLDING COMPANY REGULATIONS

1. THE GOL HAS JUST ENACTED LEGISLATION DESIGNED TO INCREASE ITS CONTROL OVER HOLDING COMPANIES. THE TEXT IS NOT YET AVAILABLE BUT THE PRINCIPAL PROVISIONS ENABLE THE GOL TO TERMINATE THE EXISTENCE OF A HOLDING COMPANY WHICH HAS NOT COMPLIED WITH LEGAL REQUIREMENTS, PRINCIPALLY THE SUBMISSION OF AN ANNUAL REPORT OF ITS ACTIVITIES. ALSO, THE MINIMUM CAPITAL REQUIREMENT HAS BEEN RAISED TO ONE MILLION FRANCS (US\$1 - 36 FRANCS). THESE MEASURES
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PAGE 02 LUXEMB 00516 110542Z

WILL PERMIT THE GOL TO ELIMINATE THE MANY HOLDING COMPANIES WHICH ARE ON THE BOOKS BUT WHICH HAVE NO GENUINE ECONOMIC OR FINANCIAL ACTIVITIES. APART FROM THIS ADMINISTRATIVE HOUSEKEEPING ASPECT, THE MAIN GOAL OF THE LEGISLATION IS TO REDUCE THE RISK OF EMBARRASSMENT CAUSED BY LESS THAN LEGITIMATE HOLDING COMPANIES, ESPECIALLY ANY ESTABLISHED TO TRANSIT FUNDS OF DUBIOUS

ORIGIN OR DESTINATION.

2. THE 1929 LEGISLATION ON HOLDING COMPANIES WAS THE BASIS FOR THE DEVELOPMENT OF AN INTERNATIONAL FINANCIAL CENTER IN LUXEMBOURG. IN FACT, HOLDING COMPANIES ARE A VERY MINOR PART OF TOTAL FINANCIAL ACTIVITIES HERE TODAY. TG GOL STILL VIEWS HOLDING COMPANIES AS AN INTEGRAL PART OF LUXEMBOURG ECONOMIC LIFE BUT CLEARLY WANTS NO BAD PUBLICITY WHICH COULD ADVERSELY AFFECT THE MORE IMPORTANT INTERNATIONAL BANKING AND OTHER FINANCIAL ACTIVITIES. LOWENSTEIN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, NATIONALIZATION, BUSINESS FIRMS, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LUXEMB00516
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770245-0607
Format: TEL
From: LUXEMBOURG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770792/aaaadcdj.tel
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Litigation Code IDs:
Litigation Codes:
Litigation History:
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Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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SAS ID: 1967825
Secure: OPEN
Status: NATIVE
Subject: LUXEMBOURG TIGHTENS HOLDING COMPANY REGULATIONS
TAGS: EFIN, LU
To: STATE
Type: TE
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